



## GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



DECEMBER 18, 2001

**Voters End Galveston-Houston Port Merger Proposal.** Galveston voters decided on December 18 to abandon the proposed merger between the Ports of Houston and Galveston, which would have funneled millions of dollars into the repair and improvement of the Galveston port. The proposed merger, discussed in the July 17 *Grain Transportation Report*, would have made the Port of Galveston a strategic business unit of the greater Houston operation, providing \$30 million to be invested in Galveston within 10 years, as well as allowing all revenue generated by the port to be applied to infrastructure repair and payment of \$21 million in Galveston port debt. Of the 38,044 eligible Galveston voters, a mere 7,101 or 18.7 percent turned out to decide on the proposal, with 57.2 percent voting against the plan. A local official blamed the poor turnout partly on it being a special election and because of it taking place a week before Christmas.

If the proposal had been approved, the Galveston City Council would likely have voted to grant its port assets of approximately \$92 million to the Port of Houston Authority. The deal, according to Port of Houston chairman, Jim Edmonds, would have increased Galveston's marketing capabilities, as well as improving its economic development and waterfront aesthetics. Now, stated Edmonds, "Galveston becomes our competition again." Some officials estimate that Galveston will require approximately \$75 million in infrastructure improvements during the next 10 years and possibly as much as \$400 million by 2040.

Several options from those who opposed the merger include plans that would direct more money to the city of Galveston, provide investments in the Galveston infrastructure from both the Houston and Galveston operations, or lease the port to a private management company. Keith Palmer, a member of the Citizens for Port Reform, said that he would like to see competitive proposals as well as a third-party appraisal of the port. (*Galveston County Daily News 12/19, NewsEdge 12/20*)

**New Legislation Could Increase Number of Sea Marshals.** U.S. Representative John Cooksey, R-LA, recently introduced legislation that may result in 1,000 new sea marshals to help patrol the Nation's 95,000 miles of coastline and its 361 ports. The legislation would require some of the new sea marshals to be stationed at the 20 most vulnerable ports, with the remainder distributed at ports throughout the country. Armed sea marshals are already in ports such as San Francisco, Los Angeles, and San Diego where they board and inspect ships that are 12 miles or more offshore to make sure that the vessels are safe to enter port. Other cities, such as New York and Boston, do not have sea marshals but do have armed personnel who escort ships to port.

Attention is also being given to the ability of the U.S. Customs Service to adequately inspect shipping containers. Only 2 percent of the 600,000 containers currently entering the United States every day are being inspected.

In addition to Representative Cooksey's proposal, the Senate is considering the proposed Port and Maritime Security Act of 2001. This legislation would direct the Secretary of Transportation to establish a Port Security Task Force. The importance of maritime security is evident, given that 95 percent of U.S. overseas trade uses ocean transportation. (*AP 12/9, Government Executive 12/12*)

**CN Reports Fewer Hopper Cars Being Ordered.** An official with the Canadian National Railroad (CN) stated recently that CN has been getting fewer orders for grain hauling hopper cars, compared to this time last year. According to Stephen Gehrt, CN's manager for grain and fertilizer shipments, a drop of as much as 45 percent in corn exports to Japan and other Asian countries is the reason for the decrease in rail demand on U.S. ports in the Gulf of Mexico. Grain-hauling revenue for CN dropped 4 percent as of the third quarter, ending September 30, compared to the same time last year. Overall, according to the Association of American Railroads, grain shipments are down 1.6 percent so far this year, despite some increase in demand during the last 2 months following the harvest.

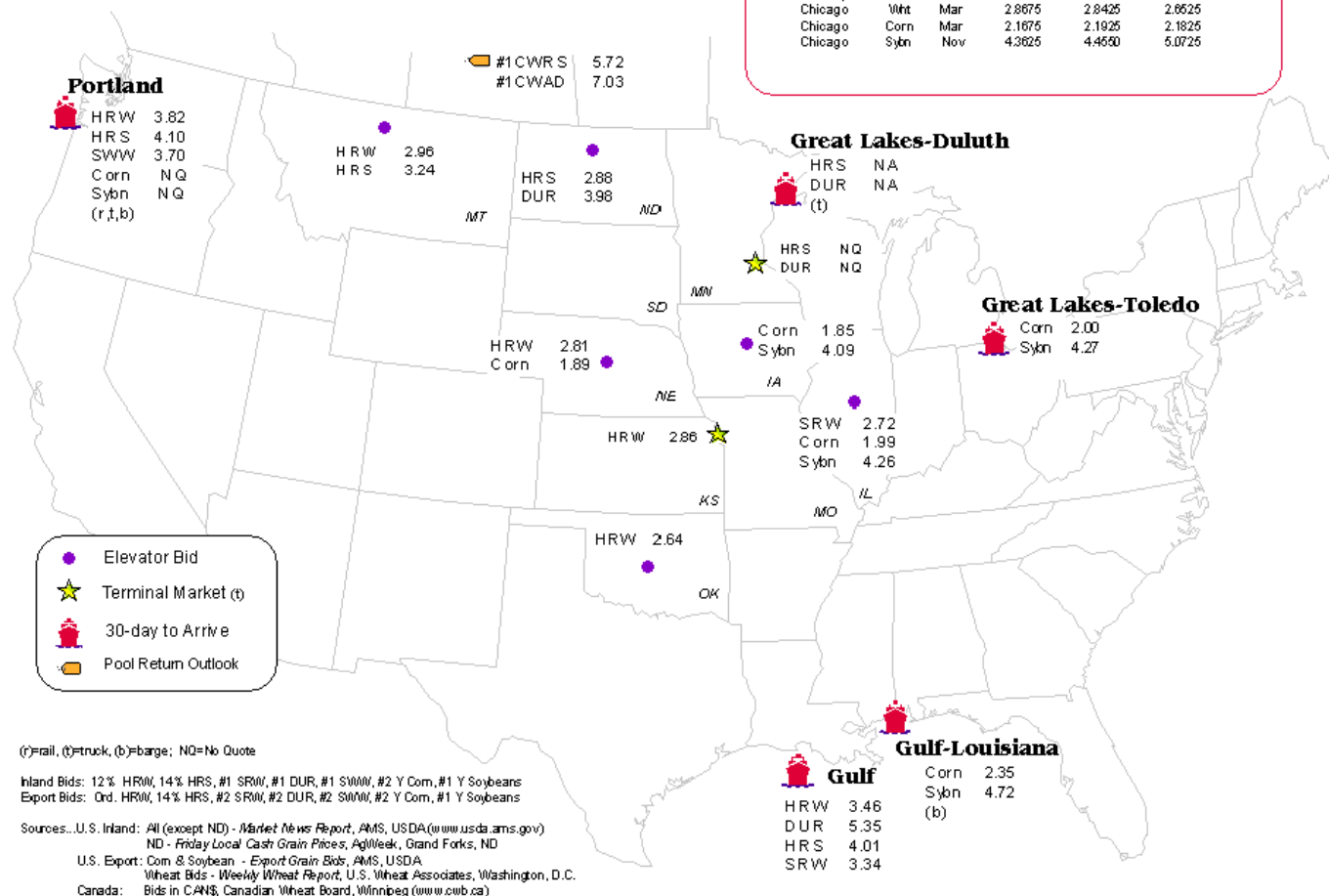
This is especially significant for the railroads since grain hopper cars return more revenue per load than any other commodity hauled by railroads, except for lumber and chemicals. Of the \$36.3 billion in revenue generated by U.S. rail freight last year, \$2.4 billion could be attributed to grain shipments.

The reason for the drop, as analysts indicate, is that Japan has decreased its U.S. grain purchases since last December, when some corn shipments tested for a pest resistant genetically modified organism, which is banned in Japan and in other countries. Japan, along with Taiwan, South Korea and other U.S. customers, instead began buying grain from other exporting countries, such as Argentina and China. Asian demand for U.S. grain has yet to recover, despite stricter U.S. inspection procedures which were established last February. (*Bloomberg 12/09, NewsEdge 12/09, Chicago Sun-Times 12/09*)

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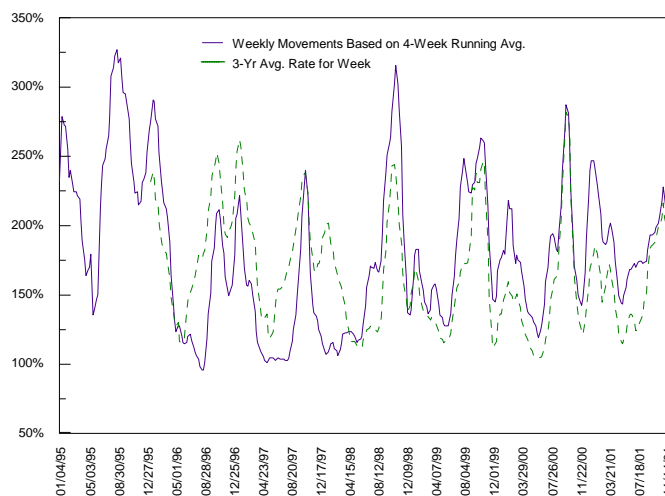
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## Grain Bid Summary

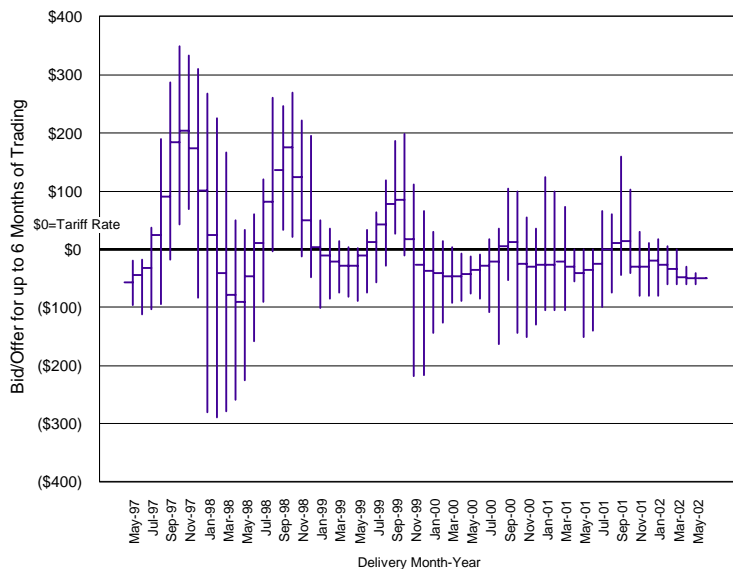


## Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



## Secondary Rail Market Bids



**Rail Car 'Auction' Offerings**

Delivery for:	Feb-02		Apr-02	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	11,512	2%	12,234	1%
<b>UP-GCAS</b>	5,400	0%	5,400	0%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	<b>Delivery Period</b>			
	Jan-02	Feb-02	Mar-02	Apr-02
BNSF-GF	\$23	\$(6)	\$(9)	\$(21)
UP-Pool	\$(2)	\$(19)	\$(23)	\$(29)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;  
GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Feb-02	Mar-02	Apr-02
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com),  
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

**Southbound Barge Freight Nominal/Cash Basis Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

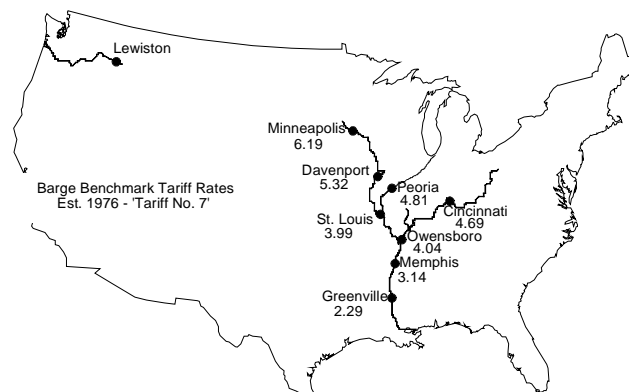
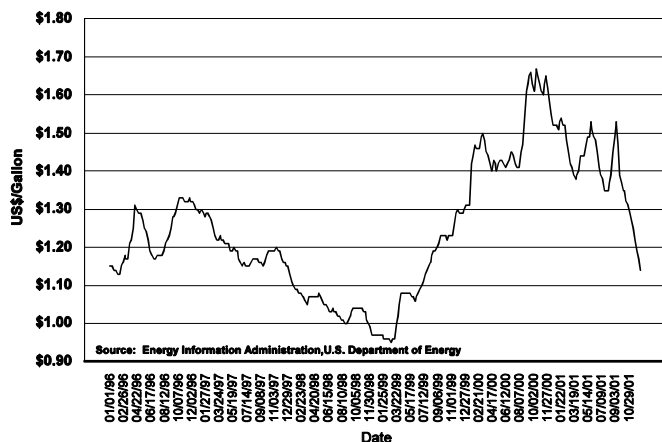
Week ended	River/Region	Contract Period	<b>Rate</b>	
			Futures	Cash
12/18/01	St. Louis	Dec	0	133
		Feb	128	133
		Apr	139	133
		Jun	0	133
	Illinois River	Aug	0	0
		Dec	0	165
		Feb	180	185
		Apr	0	163
		Jun	0	163
		Aug	0	0

Source: St. Louis Merchants Exchange

**Southbound Barge Freight Spot Rates**

	12/12/01	12/5/01	Jan '01	Mar '02
Twin Cities	0	0	0	0
Mid-Mississippi	200	173	0	0
Illinois River	180	165	187	170
St. Louis	141	120	136	138
Lower Ohio	139	127	148	145
Cairo-Memphis	119	114	126	126

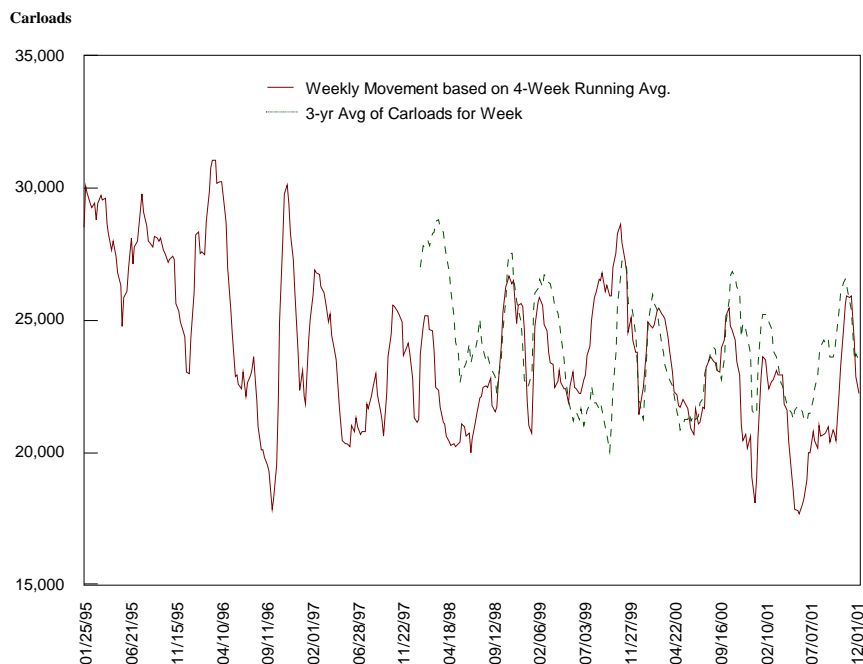
Source: Transportation & Marketing /AMS/USDA  
nq=no quote;

**Weekly Retail Diesel (Road) Prices (Including Taxes)**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
12/1/01	21,309
12/08/01	23,091
12/15/01	21,926
Year to Date - 2001	1,080,044
Year to Date - 2000	1,154,763
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



## Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

Train Carloads Originated									
			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
12/15/01	0	2,900	0	2,824	8,528	564	7,110	4,873	4,444
This Week Last Year	0	3,056	0	2,520	7,706	463	5,771	4,876	4,495
2001 YTD	0	147,321	0	157,517	415,025	25,142	335,039	245,768	225,733
2000 YTD	0	143,164	70,155	148,997	411,786	25,895	354,766	154,045	232,710
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

## Tariff Rail Rates for Unit Train Shipments

December 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
12/03/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
12/03/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
12/03/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
12/03/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
12/03/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
12/03/01	31040	Corn	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
12/03/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
12/03/01	31040	Corn	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
12/03/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,730	\$30.09	\$0.82
12/03/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

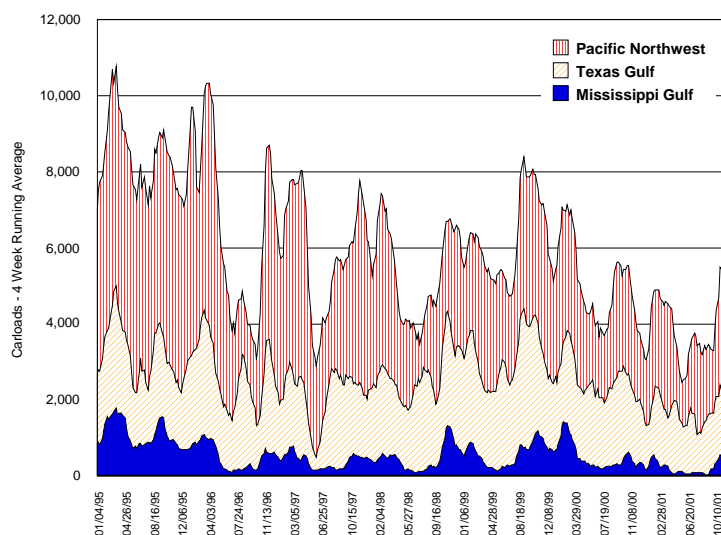
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

**Rail Deliveries to Port****Carloads**

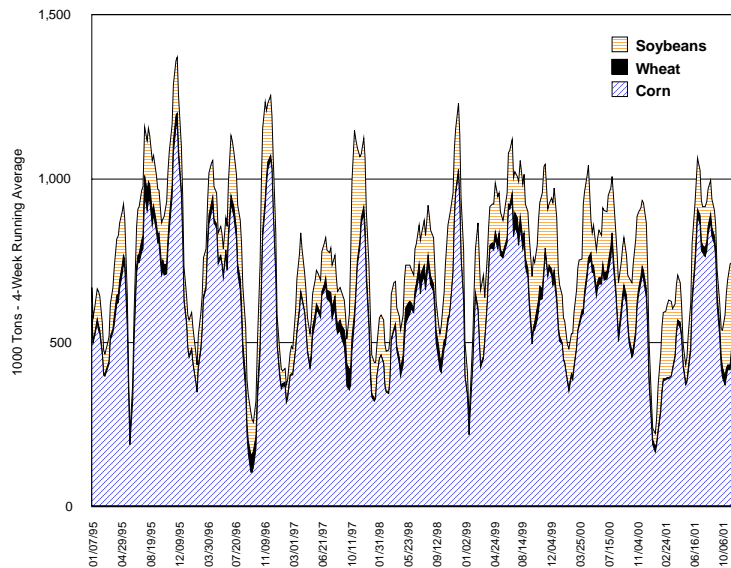
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
11/14/01	206	2,290	1,954	313
11/21/01	202	2,246	2,377	949
11/28/01	7	1,702	1,638	535
12/05/01	230	2,307	1,717	605
12/12/01	137	2,081	1,523	643
12/19/01	201	1,139	1,846	507
YTD 2001	9,963	79,653	108,960	26,018
YTD 2000	25,762	103,143	127,036	14,685
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation &amp; Marketing/AMS/USDA

**Rail Deliveries to Port**

(\*) Incomplete Data

(\*\*) Revised Data

**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 12/8/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	426	3	274	706
Alton, IL (L26)	656	14	361	1,039
Granite City, IL (L27)	644	22	359	1,033
Illinois River (L8)	n/a	n/a	n/a	n/a
Ohio (L52)	51	12	24	100
Arkansas (L1)	0	13	0	13
2001 YTD	30,092	2,602	9,365	43,883
2000 YTD	32,410	2,383	9,963	46,534
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

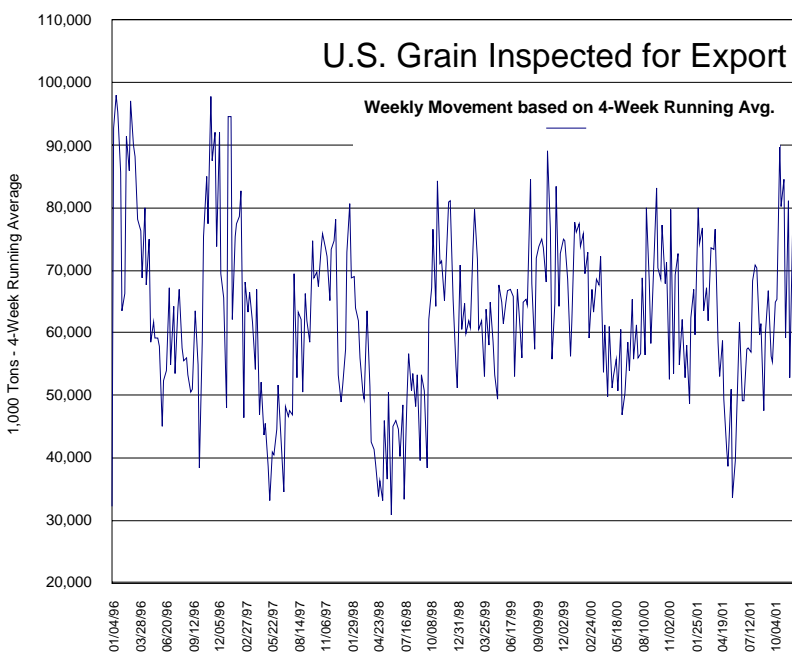
**U.S. Export Balances** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
12/13/01	1,231	536	1,009	590	179	3,546	7,399	8,934	19,879
This Week Year Ago	1,093	409	853	772	217	3,343	6,726	6,097	16,166
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	4,667	3,266	3,054	1,800	730	13,517	12,339	10,512	36,368
99/00 YTD	5,482	2,625	3,104	2,794	658	14,663	13,853	17,713	46,229
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date ([www.fas.usda.gov](http://www.fas.usda.gov)) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

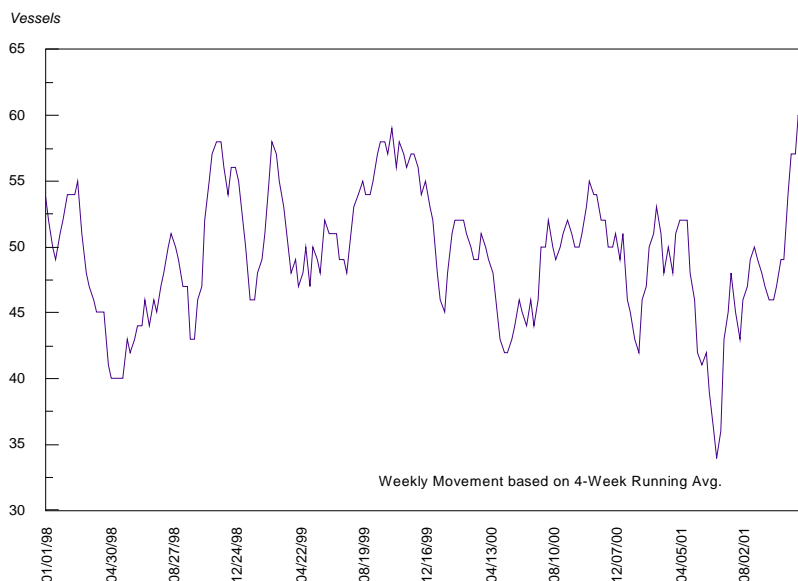
	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
12/20/01	231	57	64	79	614	933	83	4	68
2001 YTD	9,461	5,015	2,709	6,132	33,889	16,974	5,779	267	1,561
2000 YTD	9,719	5,877	1,647	6,654	34,646	17,512	6,876	470	995
% of Last Year	95%	84%	158%	91%	96%	95%	83%	57%	155%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**  
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 12/20/01			
Vancouver	2,969	162	257
Prince Rupert	196	0	0
Prairie Direct	521	168	113
Thunder Bay	260	157	21
St. Lawrence	1,294	636	0
2001 YTD Exports	5,240	1,123	391
2000 YTD Exports	4,982	1,347	579
% of Last Year	105%	83%	68%

Source: Canadian Grains Commission, Crop year 8/1-7/31



**Gulf Region  
Vessels Loaded  
- Past 7 Days-**

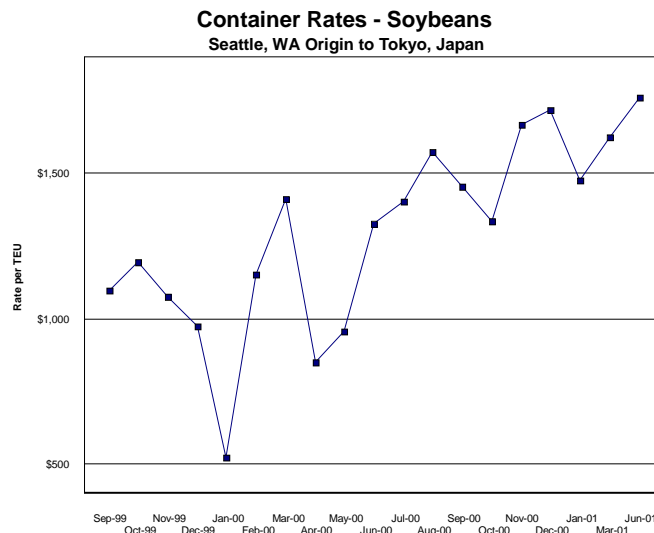
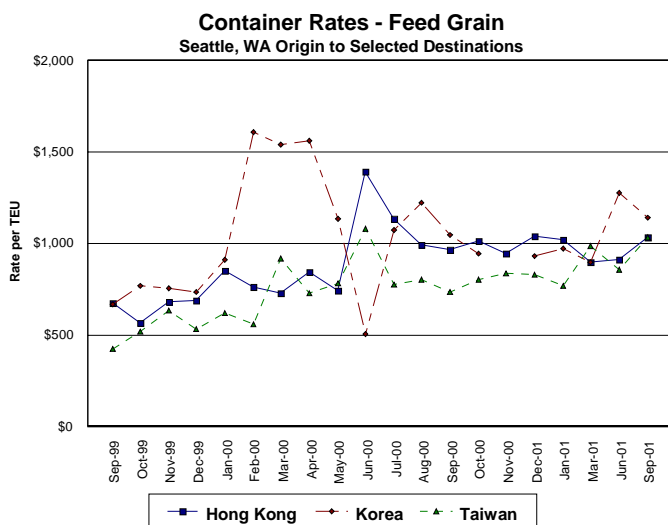
### Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
12/06/01	59	58	77	12			9	9	3
12/13/01	39	57	78	9			7	8	3
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

### Container Ocean Freight Rates

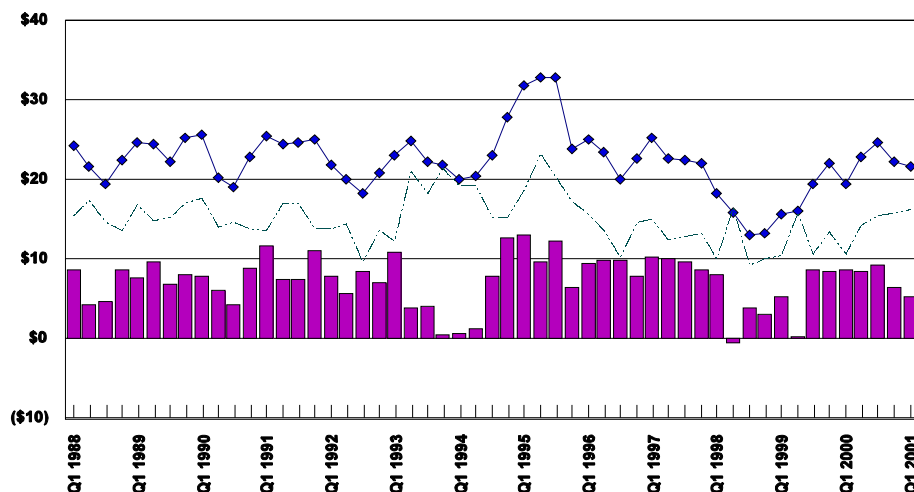
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

◆ Rate - Gulf to Japan  
 --- Rate - PNW to Japan  
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean  
 Freight Rates

### Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 3 <sup>rd</sup> Qtr	2000 3 <sup>rd</sup> Qtr	% Change		2001 3 <sup>rd</sup> Qtr	2000 3 <sup>rd</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$29.40	\$36.42	-19%	Japan	\$10.46	\$15.43	-32%
Mexico		\$16.11	-	Red Sea/ Arabian Sea		\$29.03	
Venezuela	\$13.45	\$15.13	-11%	<b>Argentina to</b>			
N. Europe	\$12.06	\$15.50	-33%	N. Europe			
N. Africa	\$18.21	\$34.19	-47%	Japan	\$16.22	\$18.62	-13%
Med. Sea	\$12.05	\$16.59	-27%		\$29.40	\$36.42	-19%

Source: Transportation & Marketing/AMS/USDA; (\*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

### Ocean Freight Rates (Select Locations) - week ending 12/8/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Duluth	N. Europe	Wheat	Dec	18,000	\$22.50
Duluth	Tunisia	Wheat	Dec 10/20	18,000	\$28.75
Pt. Cartier (Can.)	Egypt	Heavy Grain	Dec 10/15	55,000	\$7.00
Pt. Cartier (Can.)	Casablanca	Heavy Grain	Dec 5/10	20,000	\$15.00
Gulf	Holland	Grains	Dec 15/20	50,000	\$8.50
Gulf	Egypt	Heavy Grain	Prompt	60,000	\$9.00
Gulf	Casablanca	Corn	Dec 10/15	30,000	\$14.50
PNW	Taiwan	Heavy Grain	Dec 22/26	58,000	\$9.70
River Plate	Tunisia	Heavy Grain	Dec 10/20	25,000	\$23.15

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option